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C O N F I D E N T I A L SEOUL 001280

SIPDIS

FOR THE SECRETARY FROM AMBASSADOR VERSHBOW

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [KS](#) [KN](#)
SUBJECT: UPDATE FOR THE SECRETARY'S JUNE 26-27 VISIT TO
SEOUL

REF: SEOUL 01244

Classified By: AMB Alexander Vershbow. Reasons 1.4 (b,d).

11. (C) SUMMARY: Developments on beef and North Korea issues create an opportunity to get the Koreans -- up until now completely paralyzed by the beef crisis -- to reengage on our bilateral and international agenda. This cable provides an update to our earlier scenesetter, and suggests some priority issues to raise at Saturday's meetings with President Lee and Foreign Minister Yu. END SUMMARY

BEEF UPDATE

12. (C) On June 26, South Korea publicly issued the new import rules for U.S. beef, implementing our bilateral beef agreement reached on April 18 and legally reopening the Korean market to all cuts of U.S. beef for the first time since 2003. The voluntary agreement that U.S. exporters will not send meat from cattle older than 30 months to South Korea "until consumer confidence improves" seems to have generally allayed public concerns, and most mainstream media have supported the government's efforts this week to put the beef issue behind it.

13. (C) The biggest challenge for the Lee Administration is how to get back on its feet. The opposition United Democratic Party (UDP) is certainly not helping: it is still calling for renegotiation of the beef agreement and refusing to end its boycott of the National Assembly, further stymieing governance. Although the number of demonstrators has generally decreased, the participants are becoming much more radicalized and sometimes violent. The coalition of anti-beef civic groups has called for a major demonstration when you are here on Saturday (the largest demonstrations have tended to be on weekends). The government hopes this will be the final crescendo of protests and that the public will be ready to move on.

14. (C) The beef protests have generally been aimed at the Lee Government, not at the United States -- and indeed Korean officials acknowledge that no other trading partner would have done what the U.S. did to help Korea find a way through this unanticipated crisis. Some Koreans you meet may propose additional steps on beef, to further assuage public concerns

and calm the political waters. But at this point, the best approach is probably to let the Korean people refamiliarize themselves with U.S. beef as it starts flowing back into the market (which probably won't begin in earnest for another month or so). Both the ROKG and U.S. industry have committed to major outreach efforts to promote the safety of U.S. beef, which should also help increase consumer confidence.

15. (C) The Korean leadership is now concerned that after taking a huge hit over the beef agreement and working to get the new National Assembly session to ratify the KORUS FTA in the next few months (likely September), President Lee will be left hanging if Congress fails to approve the KORUS FTA later this year. President Lee and FM Yu will want to hear that their politically damaging work to salvage the beef deal was not in vain -- that the Administration remains committed to KORUS ratification this year, and will do everything possible to include KORUS with the Colombia FTA in any package deal with the Congress. Lee may also update you on his thoughts regarding the timing of ratification in Korea. Our position has been that it makes sense for both sides to ratify the agreement as soon as their political processes will permit. But given our inability to control the timing of Congressional ratification, we have refrained from pushing the ROKG too hard for immediate ratification (which is Lee's inclination anyway).

NORTH KOREA

16. (C) The beef issue has diverted a lot of public and media attention away from the Six Party Talks. Lee Myung-bak's harder line against the North generally resonates with the public, which seems largely apathetic to North Korean rhetorical attacks and insults. Friday's explosion of the cooling tower at Yongbyon is likely to turn some heads, but it will largely be seen as a Six-Party Talks' success, not a result of Lee Administration policy. North Korea objects to President Lee's emphasis on reciprocity in North-South Korea relations and his Administration's refusal to endorse the 2000 and 2007 Summit Declaration. Bilateral engagement has all but ceased outside of the context of the Six Party Talks, but so far the government and public remain patient.

17. (C) As we begin to transition from phase 2 to phase 3 of the Six Party Talks, Seoul can help us in pressing for a robust verification regime of the declaration. As Chair of the Energy and Economy Working Group, South Korea may request that you press Japan to begin contributing its share of Six Party energy assistance. South Korea will also be interested in our thinking on how to sequence denuclearization steps in phase 3, and when we envisage launching parallel talks on a permanent peace regime to replace the 1953 Armistice and the Northeast Asia Peace and Security Mechanism.

SUGGESTED PRIORITIES FOR YOUR MEETINGS

18. (C) As noted, the beef issue has paralyzed top-level decision-making on other issues for nearly two months, so your visit is an opportunity to get the Koreans to focus once again on the broader agenda:

-- On NORTH KOREA, with North-South relations largely frozen, it is especially important for the South Koreans to be seen as fully engaged with us in planning next steps in the Six Party process. Moreover, as we seek to move forward on verification of the Declaration and a roadmap for Phase 3, South Korean support can be helpful in countering passivity on the part of our other partners. Therefore, we suggest offering to intensify bilateral consultations with Seoul over the next few weeks aimed at shaping an agreed roadmap for phase 3 and forging a unified position for the first round of four-way talks on a permanent peace regime to replace the 1953 Armistice.

-- On TRADE ISSUES, you should express our appreciation that President Lee opened the beef market this past week, standing firm in the face of massive demonstrations and finally resolving the beef situation that had been bequeathed him by former President Roh. You should moreover express satisfaction that our two sides were able to find a way to address most public concerns without formally renegotiating the beef agreement -- something that would have served neither Korean nor U.S. interests. Finally, you let your Korean interlocutors know that while the climate for trade is difficult in Washington, KORUS remains in the running, and that President Bush remains firmly committed to his trade agenda and intends to do everything possible to include KORUS with the Colombia FTA in any package deal with the Congress.

-- On SUMMIT PREPARATIONS, in addition to updating the Koreans on White House efforts to reschedule the President's visit, you should urge FM Yu and National Security Advisor Kim Sung-hwan to lean on their bureaucracy to take a more forward-looking and global approach to the proposed "vision statement" for the summit. The Koreans continue to take a narrow, peninsular approach that is not in sync with President Lee's own emphasis on "Global Korea." Since controversial alliance issues (burden-sharing, camp returns) are being deferred until the fall, we will not have many concrete deliverables beyond the "vision statement."

-- On CLIMATE CHANGE, we should thank Korea for hosting the June 20-22 Fourth Major Economies Meeting (MEM4), which succeeded in securing agreement on a draft MEM leaders' declaration, albeit limited in its ambition. Korea signaled a willingness to make a binding pledge to slow its emissions. Its interventions at MEM4 were helpful, but infrequent and

muted, perhaps a consequence of its self-image as a "bridge" between the developed and the developing. You should encourage a more active Korean role at Toyako. We hear that President Lee plans to announce at the G8 summit the outlines of a domestic climate change program that is somewhat more aggressive than Korea's existing program. Details will only be announced after Lee returns.

19. (C) In sum, your visit is an opportunity to buck up a beleaguered, but still important, ally and enlist Korean support where we need it most. We look forward to seeing you on Saturday.
VERSHBOW